

138.510 Taxes on pari-mutuel, account, and intertrack wagering -- Uses.

- (1) Except for the conduct of harness racing at a county fair, an excise tax is imposed on all tracks conducting pari-mutuel racing under the jurisdiction of the Kentucky Horse Racing Authority. For each track with a daily average handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered during the fiscal year. A fiscal year as used in this subsection and subsection (3) of this section shall begin at 12:01 a.m. July 1 and end at 12 midnight June 30. For each track with a daily average handle under one million two hundred thousand dollars (\$1,200,000) the tax shall be an amount equal to one and one-half percent (1.5%) of all money wagered during the fiscal year. However, effective January 1, 2006, if a host track located in this state is the location for the conduct of a one (1) day international horse racing event that distributes in excess of a total of ten million dollars (\$10,000,000) in purses, an excise tax shall not be imposed on pari-mutuel wagering on live racing conducted that day at the race track. This tax exemption shall remain in effect for any succeeding one (1) day international horse racing event if the event returns within three (3) years of the previously-held event. For the purposes of this subsection, the daily average handle shall be computed from the amount wagered only at the host track on live racing and shall not include money wagered:

- (a) At a receiving track;
- (b) At a simulcast facility;
- (c) On telephone account wagering; or
- (d) At a track participating as a receiving track or simulcast facility displaying simulcasts and conducting interstate wagering as permitted by KRS 230.3771 and 230.3773.

Money shall be deducted from the tax paid by host tracks and deposited to the respective development funds in the amount of three-quarters of one percent (0.75%) of the total live racing handle for thoroughbred racing and one percent (1%) of the total live handle for harness racing.

- (2) An excise tax is imposed on:
- (a) All licensed tracks conducting telephone account wagering;
 - (b) All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the Kentucky Horse Racing Authority; and
 - (c) All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (3) The tax imposed in subsection (2) of this section shall be in the amount of three percent (3%) of all money wagered under subsection (2) of this section during the fiscal year. A noncontiguous track facility approved by the Kentucky Horse Racing Authority on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this subsection shall be

retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.

- (4) An amount equal to two percent (2%) of the amount wagered shall be deducted from the tax imposed in subsection (2) of this section and deposited as follows:
 - (a) If the money is deducted from taxes imposed under subsection (2)(a) and (b) of this section, it shall be deposited in the thoroughbred development fund if the host track is conducting a thoroughbred race meeting or the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if the host track is conducting a harness race meeting; or
 - (b) If the money is deducted from taxes imposed under subsection (2)(c) of this section, to the thoroughbred development fund if interstate wagering is conducted on a thoroughbred race meeting or to the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if interstate wagering is being conducted on a harness race meeting.
- (5) Two-tenths of one percent (0.2%) of the total amount wagered on live racing in Kentucky shall be deducted from the pari-mutuel tax levied in subsection (1) of this section, and one-twentieth of one percent (0.05%) of the total amount wagered on intertrack wagering shall be deducted for the pari-mutuel tax levied in subsection (2) of this section, and allocated to the equine industry program trust and revolving fund to be used for funding the equine industry program at the University of Louisville.
- (6) One-tenth of one percent (0.1%) of the total amount wagered in Kentucky shall be deducted from the pari-mutuel tax levied in subsections (1), (2), and (3) of this section and deposited to a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subsection shall not replace other funds for capital purposes or operation of equine programs at state universities. The Kentucky Council on Postsecondary Education shall serve as the administrative agent and shall establish an advisory committee of interested parties, including all universities with established equine programs, to evaluate proposals and make recommendations for the awarding of funds. The Kentucky Council on Postsecondary Education may by administrative regulation establish procedures for administering the program and criteria for evaluating and awarding grants.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 106, sec. 6, effective June 20, 2005. -- Amended 2004 Ky. Acts ch. 191, sec. 48, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 447, sec. 2, effective July 14, 2000. -- Amended 1997 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 43, effective May 30, 1997. -- Amended 1994 Ky. Acts ch. 114, sec. 1, effective July 15, 1994; ch. 272, sec. 2, effective July 15, 1994; and ch. 438, sec. 5, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 109, sec. 7, effective March 30, 1992; and ch. 194, sec. 1, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 159, sec. 2, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 376, sec. 5, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 215, sec. 1, effective July 15,

1986; and ch. 296, sec. 1, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 240, sec. 2, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 100, sec. 8, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 190, sec. 2, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 343, sec. 2. -- Amended 1970 Ky. Acts ch. 258, sec. 1. -- Amended 1956 Ky. Acts ch. 13, sec. 1, effective February 3, 1956. -- Amended 1954 Ky. Acts ch. 76, sec. 1. -- Created 1948 Ky. Acts ch. 35, sec. 1.

Legislative Research Commission Note (7/14/2000). In codifying the 2000 Regular Session changes to this statute, an existing reference to "subsection (2)" has been changed to "subsection (3)" under KRS 7.136(1). 1994 Ky. Acts ch. 438, sec. 5, broke down the prior subsection (2) into subsections (2) and (3), and the reference to fiscal year remained in the resulting subsection (3), but the necessary adjustment to the reference in subsection (1) was inadvertently overlooked.

Legislative Research Commission Note (7/14/92). This section was amended by two 1992 Acts. Where those Acts are not in conflict, they have been compiled together. Where a conflict exists, the Act which was last enacted by the General Assembly prevails, pursuant to KRS 446.250.